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Mandatory age of separation

Report of the Secretary-General

Summary

The present report is submitted in accordance with General Assembly resolution 55/258 of 14 June 2001, in which the Assembly requested the Secretary-General "to study the implications of fixing the mandatory age of separation for staff members appointed prior to 1 January 1990 to the current age of sixty-two years and to report thereon to the General Assembly at its fifty-sixth session". It examines the issues involved, including the potential number of staff members affected, and possible implications with respect to the age profile of the Organization, geographical distribution, gender balance, career development opportunities, the Pension Fund and other related matters.

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I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 55/258 of 14 June 2001, in which the Assembly requested the Secretary-General "to study the implications of fixing the mandatory age of separation for staff members appointed prior to 1 January 1990 to the current age of sixty-two years and to report thereon to the General Assembly at its fifty-sixth session" (sect. XII, para. 2).

2. The present United Nations policy on the mandatory age of separation is contained in regulation 9.5 of the Staff Regulations of the United Nations, which was last amended in 1989 by the General Assembly in its resolution 44/185 D of 19 December 1989. The regulation provides that "staff members shall not be retained in active service beyond the age of sixty years or, if appointed on or after 1 January 1990, beyond the age of sixty-two years. The Secretary-General may, in the interest of the Organization, extend this age limit in exceptional cases."

3. For the sake of clarity, it may be useful at the outset to distinguish between the mandatory age of separation and the normal age of retirement. The mandatory or statutory age of separation is the age at which staff members are normally separated from active service. It is established by each organization of the common system under its respective staff regulations and rules. A related but separate issue is the normal or statutory age of retirement, the age at which a retiree can receive a full retirement benefit, i.e., without the substantial reductions affecting the "early retirement benefit" provided under article 29 of the Regulations of the United Nations Joint Staff Pension Fund (UNJSPF). Under article 1(n) of the Regulations of the Fund, the normal retirement age is currently set at age 60 for participants who joined prior to 1 January 1990 and age 62 for participants who entered or re-entered the Fund on or after 1 January 1990. The statutory age of retirement may be lower, but not higher, than the mandatory age of separation.

II. Background

4. For the United Nations Secretariat, mandatory separation at age 60 was established by the General Assembly on 15 December 1946 by its resolution 82 (I). By its resolution 33/143 of 20 December 1978, the General Assembly requested the Secretary-General to apply the regulations regarding the age of retirement and not grant extensions beyond the established age of retirement except for the minimum time required to find a suitable replacement. By its resolution 35/210 of 17 December 1980, the General Assembly decided that "the application of the provision of General Assembly resolutions dealing with mandatory retirement at the age of 60 shall not be rigorously applied to locally recruited General Service staff who were already employed by the Organization prior to December 1978 and will have less than 20 years' contributory service in the United Nations Joint Staff Pension Fund at the age of 60".

5. At its forty-fourth session, by its resolution 44/185 D of 19 December 1989, the General Assembly, taking note of the recommendations of the International Civil Service Commission (ICSC)[1] and the United Nations Joint Staff Pension Board,[2] approved an amendment to regulation 9.5 of the Staff Regulations of the United Nations, with effect from 1 January 1990, to provide that the mandatory age of separation for staff members appointed on or after 1 January 1990 should be 62, on

the understanding that age 60 would continue to apply as the mandatory age of separation for those staff members currently in active service. At the same session, by resolution 44/198 of 21 December 1989, the Assembly commended to the attention of the governing bodies of the organizations of the common system the recommendation of ICSC to increase the mandatory age of separation to 62 for staff members entering into service on or after 1 January 1990. In so doing, it recognized "the changing demographic pattern of the workforce of the United Nations common system, as well as the increasing trend in some Member States towards extending the length of service of its workforce," and noted that "in a number of Member States the normal retirement age and the corresponding mandatory age of separation are higher than they are at present in the United Nations common system".

6. In preparing the present report, the views of the United Nations Joint Staff Pension Fund and the International Civil Service Commission were sought on the implications of changing the mandatory age of separation to 62 years.

7. The Chief Executive Officer of UNJSPF responded that raising the mandatory age of separation for United Nations staff members appointed prior to 1 January 1990 would be welcomed by the Fund. He indicated that the Pension Board had been in favour, at least since the early 1980s, of raising the mandatory age of separation to 62 for all staff in all the member organizations of the Fund. In general, the Board considered that any change in the staff regulations or the personnel policy of a Fund member organization that resulted in staff members remaining in active service longer was actuarially favourable for the Pension Fund. A change in the mandatory age of separation for a defined group of United Nations staff would not require any consequent change in the UNJSPF Regulations and Rules. If, following such a change in the United Nations Staff Rules, an affected United Nations participant were to retire after reaching age 60 but before reaching age 62, it would still be treated as normal retirement under the Fund Regulations.

8. The Executive Secretary of ICSC recalled that, in 1989, when the Commission had last considered the subject, it had recommended that the mandatory age of separation for new staff members should be increased to 62. Most members of the Commission had expressed the view that the mandatory age of separation should be increased from 60 to 62 for all staff. However, the Commission had decided that organizations should adopt age 62 as the mandatory age of separation under their staff regulations and staff rules for new staff members as a first step. The Commission went on to note that "as the eventual goal should be to have the same mandatory age applicable to all staff, ... executive heads should demonstrate, to the maximum extent possible, flexibility in considering retention of staff in service until age 62, taking into account their staffing objectives and needs".[3] It was understood that the application of the higher age limit to existing staff would not affect their right to retire at age 60 without a reduction in their pension entitlements.

9. Among the common system organizations, the Food and Agriculture Organization, of the United Nations has had a mandatory age of separation at 62 from the date of its establishment in 1945. The World Food Programme also has age 62 as the mandatory age of separation. The World Intellectual Property Organization has three mandatory separation age limits: 65 for staff members appointed prior to 1 November 1977; 60 for those appointed on or after 1 November 1977 and prior to 1 November 1990; and 62 for staff members appointed on or after 1 November 1990. The other common system organizations apply the same general provisions as

those of the United Nations, with most exercising considerable flexibility in extending staff beyond the mandatory age of separation.

10. The World Tourism Organization and the International Seabed Authority, both members of the Pension Fund, have a mandatory separation age of 62. The World Bank has two mandatory separation age limits: 65 for those who joined on or before 1 July 1974; and 62 for those who joined after 1 July 1974. The latter group may be granted an extension of employment up to age 65 if it is in the interest of the Bank. At the International Monetary Fund, the mandatory age of separation is 65. However, the normal age of retirement, i.e., the age at which a retiree can receive a full retirement benefit, is 62.

11. In the comparator civil service, the United States Congress enacted the Age Discrimination in Employment Act in 1967 to protect the right to employment of workers over 40 years of age. It prohibits companies from considering age in employment decisions, including retirement. The mandatory retirement age for most employees in the federal civil service has also been eliminated. Employees of the United States Foreign Service, however, are covered by the Foreign Service Act of 1980, which requires mandatory retirement at age 65. That Act maintained a mandatory retirement provision of the Foreign Service Act of 1946, but raised the mandatory retirement age from 60 to 65.

III. Profile of staff population potentially affected by a change in the mandatory age of separation

12. As of 30 June 2001, there were 11,244 United Nations staff members serving under the 100 series of the Staff Rules holding an appointment of one year or more. As of that date, the total number of staff members potentially affected by a change in the separation age, i.e., those appointed prior to 1 January 1990, was 5,944. Table 1 provides a profile of this staff population. It is a "closed" population. In practice, the number of staff actually affected will be substantially smaller because of the staff who will retire early or separate from service due to resignation, expiration of contract, disability or death in service.

Table 1
Number and profile of all staff members appointed prior to 1 January 1990

		Breakdown by gender		*Staff on posts subject to geographical distribution (as of 30 June 2001)*			
Category	*Number of staff*	*Female*	*Male*	*Within range*	*Over-represented*	*Under-represented*	*Total*
Professionals and higher category	1 883	692	1 191	852	331	95	1 278
Field Service	296	17	279	-	-	-	-
General Service	3 765	2 191	1 574	-	-	-	-
Total	**5 944**	**2 900**	**3 044**	**852**	**331**	**95**	**1 278**

Profile:

- Two thirds (4,061) are in the General Service and related categories and the Field Service category; one third (1,883) are in the Professional and higher categories.
- 49 per cent are female.
- Average age is 51.1 years.
- 1,278 of the staff in the Professional and higher categories are on posts subject to geographical distribution. Of these, 67 per cent are nationals of Member States that are within range; 26 per cent are from over-represented Member States; and 7 per cent are from underrepresented Member States.

13. As indicated above, the actual number of staff that would be potentially affected would be smaller than the numbers indicated in table 1 on account of early retirements and separations due to resignation, expiration of contracts, disability or death in service. For example, based on recent experience, some 100 staff members may be expected to take early retirement each year. Accordingly, because they represent such a small proportion (some 300 per annum) of the total staff population (11,244 as at 30 June 2001), the implications of a change in the mandatory age of separation for staff members appointed prior to 1 January 1990 would be minimal in respect of the Organization's age profile, geographical distribution, gender balance and career development opportunities. It would impact somewhat positively on the actuarial situation of the Pension Fund.

14. To examine the implications of a change in the mandatory age of separation on a yearly basis, the projected separations of this group of staff during the next five years were studied. During the period 2002-2006, 1,571 (26 per cent) of the 5,944 staff members will reach the current mandatory age of separation at 60. Tables 2 and 2a respectively show the trend for 2002-2006, and the profile of this group of staff.

Table 2
Staff members appointed prior to 1 January 1990 who will reach the mandatory age of separation (60) during the period 2002-2006

	Number of staff due for mandatory separation at age 60 (as at 30 June 2001)						
Category	*2002*	*2003*	*2004*	*2005*	*2006*	***Total***	*Average per year*
Professional and higher categories	114	119	123	120	131	**607**	121
Field Service	8	15	14	10	16	**63**	13
General Service	142	157	175	190	237	**901**	180
Total	**264**	**291**	**312**	**320**	**384**	**1 571**	**314**

Table 2a

Staff members appointed prior to 1 January 1990 who will reach the mandatory age of separation (60) during the period 2002-2006

	Breakdown by gender		*On posts subject to geographical distribution (as of 30 June 2001)*			
Category	*Female*	*Male*	*Within range*	*Over-represented*	*Under-represented*	***Total***
Professionals and higher category	188	419	328	103	18	**449**
Field Service	4	59	-	-	-	-
General Service	530	371	-	-	-	-
Total	**722**	**849**	**328**	**103**	**18**	**449**

Profile:

- Some two thirds (964) are in the General Service and related categories and the Field Service category; some one third (607) are in the Professional and higher categories.
- 46 per cent are female.
- 449 of the staff in the Professional and higher categories are on posts subject to geographical distribution. Of these, 73 per cent are nationals of Member States that are within range; 23 per cent are from over-represented Member States; and 4 per cent are from underrepresented Member States.

Scenario assumptions

15. As it is not possible to assess with precision the extent to which staff appointed prior to 1 January 1990 would exercise the option to separate at 62, a number of scenarios have been developed to estimate the potential consequences. For the purposes of the present analysis, it has been assumed that, in view of their acquired rights, this group would retain the right to retire at 60, with no penalty with respect to accrued benefits.

16. Table 3 and figure 1 present a projection of the impact on the annual number of separations of the staff population under study during the period 2002-2006. They illustrate the situation under the present separation policy at age 60 and under four different scenarios under a mandatory separation age of 62:

Scenario 1: two thirds of staff due for mandatory separation at age 60 leave as scheduled; the remaining one third opt to separate at age 62 two years later.

Scenario 2: one half of staff due for mandatory separation at age 60 leave as scheduled; the remaining one half opt to separate at age 62 two years later.

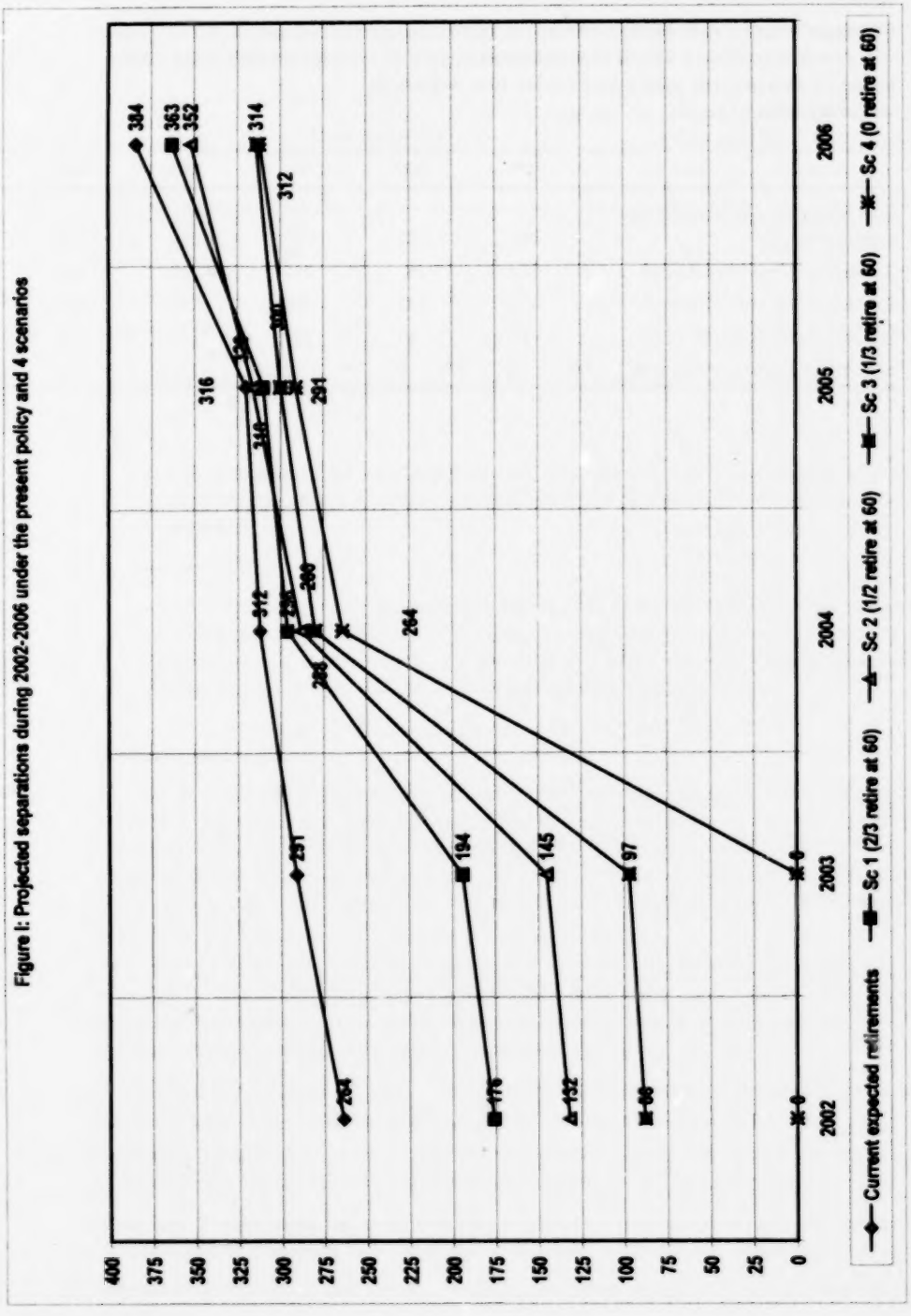
Scenario 3: one third of staff due for mandatory separation at age 60 leave as scheduled; the remaining two thirds opt to separate at age 62 two years later.

Scenario 4: All staff due for mandatory separation at age 60 opt to separate at age 62.

Table 3
Projected separations of staff members appointed prior to 1 January 1990 who will reach mandatory age of separation at age 60 during the period 2002-2006 based on the present policy and under four scenarios (all categories of staff)

	2002	*2003*	*2004*	*2005*	*2006*	***Total***
Staff retiring at age 60 under the present policy	264	291	312	320	384	1 571
Scenario 1: 2/3 at 60; 1/3 at 62	176	194	296	310	363	1 339
Scenario 2: 1/2 at 60; 1/2 at 62	132	145	288	316	352	1 233
Scenario 3: 1/3 at 60; 2/3 at 62	88	97	280	300	314	1 079
Scenario 4: all opt to retire at 62	0	0	264	291	312	867

Figure I: Projected separations during 2002-2006 under the present policy and 4 scenarios



17. As indicated in paragraphs 12 and 13 above, in each scenario, the actual numbers will be considerably lower than the numbers shown in table 3 because of the effects of separations due to early retirement, resignation, expiration of contract, disability and death in service. As illustrated in figure 1, the immediate impact of a change in the mandatory separation age would be felt during the first two years of implementation. From the third year onwards, the annual number of mandatory separations among this group of staff would level out. The magnitude of the impact would be in direct proportion to the actual number of staff who would opt to retire at age 62 instead of 60. Scenario 1 is the most likely scenario in the light of the fact that two thirds of staff members in the group under consideration are in the General Service and related categories and the Field Service category. Staff in those categories tend to remain in service for extended periods and are likely to separate when they have reached 30 years of contributory service, after which the accumulation rate drops from 2 per cent to 1 per cent per year for participants who entered the Fund prior to 1 January 1983, and the reduction rate for an early retirement benefit is only 1 per cent per year.

Average age of the Secretariat

18. As at 30 June 2001, the average age of all Secretariat staff was 45.6 years, a decrease of four months over the average age in 2000. The average age of the staff appointed prior to 1 January 1990 is 51.1 years. During the period 2002-2006, the average number of staff appointed prior to 1 January 1990 who will reach the mandatory age of separation each year is 314. This represents approximately 2.7 per cent of all Secretariat personnel holding an appointment of one year or more under the 100 series of the Staff Rules, as at 30 June 2001. In this light, a deferment in the mandatory age of separation by two years would increase slightly the number of staff in the over-50 age group until 2005 (increasing the group's share in the age distribution by 1 per cent to 2 per cent in the first two years and by 0.1 per cent to 0.2 per cent subsequently); after that, the impact would be negligible. Accordingly, the impact on average staff age would be minimal.

19. Vacancies created from non-retirement sources such as staff turnover from expiration of contracts and resignations offer more significant opportunities for injecting "new blood" into the Organization than those arising from mandatory separations. As at 30 June 2001, there were 2,461 vacant posts Secretariat-wide, both under the regular budget and extrabudgetary, representing a vacancy rate of 14 per cent based on the total number of allotted posts.

20. In addition, a series of measures is being taken in the context of the Secretary-General's human resources management reform programme with a view to rejuvenating the Secretariat from two perspectives. Human resources policies are being revised to support the rejuvenation of staff in terms of skills, competencies and variety of experience, and measures are being introduced to attract, develop and retain young professionals, including increasing the number of competitive entry examinations, expanded orientation, development and mentoring programmes, and managed mobility systems to promote multi-skilling and broader career paths.

Geographical distribution

21. As shown in table 2a, 103 of the staff members in the Professional and higher categories on posts subject to geographical distribution are from over-represented

Member States. They represent 17 per cent of all staff in the Professional and higher categories due for mandatory separation at age 60 during the period 2002-2006, based on figures as at 30 June 2001. Given the numbers involved, the impact of a change in the mandatory age of separation on the geographical distribution would be small compared to the proactive measures already being implemented under the recruitment plan. For example, as of 30 June 2001, there are 231 vacancies out of the 2,642 posts subject to geographical distribution, or a vacancy rate of 8.7 per cent. There is therefore ample opportunity to address lack of representation and under-representation, even if all of the above 103 staff members remained in service until age 62. It may be noted that changes in the representation status of a Member State may result from several factors: the appointment or separation of staff; adjustments of the desirable range because of an increase or decrease in the number of posts subject to geographical distribution; changes in the number of Member States; changes in the scale of assessments; changes in the population of Member States; and changes in the status of individual staff members (such as departure on secondment, special leave without pay, return from secondment or special leave, or change of nationality).

Gender balance

22. Some 722 (46 per cent) of staff members in all categories due for mandatory separation at age 60 during 2002-2006 are female. Fixing the mandatory age of separation at age 62 for all staff could delay some opportunities to improve gender balance, particularly in the Professional and higher categories. This effect would be noticeable during the initial two years of implementation and diminish thereafter. In terms of numbers, however, the Organization's recruitment efforts in respect of vacancies from sources other than mandatory separation contribute more significantly to the achievement of the Organization's goals with regard to gender.

Career development

23. A change in the mandatory age of separation could temporarily delay some opportunities for promotion of serving staff members as a result of some senior staff remaining in service longer. However, in view of the small number of staff members who are expected to retire annually during the next five years in the subject group as a proportion of the overall staff population, the impact of delayed promotion on the career of remaining staff members would be modest. Opportunities for promotion as a result of mandatory separations are relatively low compared to those resulting from staff mobility, vacancies arising from resignation and expiration of contracts, and reclassification of posts.

IV. Other considerations

Employment of retirees and retention of staff members beyond the mandatory age of separation

24. In order to meet its needs, the Organization employs retirees and retains in service staff members beyond the mandatory age of separation. During the period 1996-1999, an average of 252 retirees were hired annually. Some 48.8 per cent of those retirees were in the 60-65 age group, indicating that about half of them were engaged within months to a few years of separating from the Organization. From

1998 to 2001, an annual average of 88 staff members were retained in service beyond the mandatory age of separation. A change in the mandatory age of separation could potentially minimize the need for the employment of retirees and the retention in service of staff members beyond the mandatory age of separation, at least for the initial two years of its implementation. This aspect of such a change could be particularly advantageous in respect of language services, where there are shortages of certain language skills and language combinations (see A/56/277).

Demographic changes

25. Since the General Assembly's decision in 1946 establishing the mandatory separation age at 60 years, a number of demographic changes have taken place in the United Nations workforce, reflective of the changes taking place in society in general. As life expectancy has considerably increased, it has become a normal expectation for today's workers to be able to continue to work beyond age 60 without loss of productivity. At the same time, the number of women entering the workforce has grown significantly. In some cases their careers have developed more slowly owing to family responsibilities and women frequently wish to continue working, or to re-enter the workforce once their children have grown. The staff of the Organization, particularly those appointed shortly before 1990, may find the option to remain in active service until age 62 attractive with a view to increasing the number of years of contributory service to the Pension Fund so as to maximize retirement benefits.

Acquired rights

26. In discussing the possible extension of the mandatory age of separation in the Staff-Management Coordination Committee, staff representatives placed emphasis on the issue of acquired rights of staff recruited before 1 January 1990, particularly the right to early retirement at 55 years of age and the option to continue to separate at age 60 with a full retirement benefit. The protection of acquired rights is provided under staff regulation 12.1, which states that the Staff Regulations may be supplemented or amended by the General Assembly, without prejudice to the acquired rights of staff members.

27. As indicated above, it is a reasonable expectation that staff members from the above population would be concerned about their acquired right to retire at age 60. However, it can also be reasonably expected that some of them would like to have the option to remain in active service until the age of 62. The option may be particularly attractive to those who were appointed shortly before 1 January 1990 and who therefore might wish to increase their years of UNJSPF contributory service in order to maximize the accrual of retirement benefits. Others would be interested in having such an option for a number of reasons: the majority of persons of their age outside of the United Nations are still employed, family obligations, and enjoyment of professional and social interaction. Protecting acquired rights while providing an option to remain longer in active service should contribute positively to staff morale.

V. Conclusion

28. In view of the numbers involved, fixing the mandatory age of separation for staff members appointed prior to 1 January 1990 at the current age of 62 years

would have a minimal impact in respect of the age profile of the Organization, geographical distribution, gender balance and career development opportunities. Vacancies arising from sources other than mandatory separation offer better opportunities for attaining the Organization's goals in the above areas. A change in the mandatory age of separation would have a somewhat positive impact on the actuarial situation of the United Nations Joint Staff Pension Fund, especially if the other common system organizations would adopt the same policy. It would also have a positive impact on staff morale in view of the fact that all staff members would be treated equally, regardless of their date of entrance on duty, provided that their acquired rights are respected.

29. In the event that the General Assembly decides to fix the mandatory age of separation for staff members appointed prior to 1 January 1990 at the age of 62 years, a draft amendment to regulation 9.5 of the Staff Regulations of the United Nations is presented in the annex to the present report. Should the Assembly decide to approve the draft amendment, the Secretary-General would propose that the effective date be set three months after the date of adoption of the decision, in order to allow for appropriate human resources planning.

Notes

[1] See *Official Records of the General Assembly, Forty-fourth Session, Supplement No. 30* (A/44/30), vol. I, para. 58.

[2] Ibid., *Supplement No. 9* (A/44/9), annex XIII, draft resolution, sect. I, para. (o).

[3] Ibid., *Supplement No. 30* (A/44/30), vol. I, para. 56.

Annex

Proposed amendment to regulation 9.5

Mandatory age of separation

"Staff members shall not be retained in active service beyond the age of sixty-two years, without prejudice to the right of staff members appointed before 1 January 1990 to separate at age sixty. The Secretary-General may, in the interest of the Organization, extend the age limit of sixty-two years in exceptional cases."

Explanations

1. The first sentence would implement an intent to raise the mandatory age of separation to 62, while explicitly protecting the right of staff previously subject to age 60 separation to opt for separation at that age. This would also be consistent with the provisions on acquired rights under staff regulation 12.1 and article 49(b) of the regulations of the United Nations Joint Staff Pension Fund.

2. The reference to 62 years in the second sentence would clarify that the text refers to the new mandatory age of separation.